

***Resolution Regarding the Notice of Proposed Rulemaking (NOPR) Issued by the
Department of Energy (DOE) Implementing the Loan Guarantee Program Authorized
by the Energy Policy Act of 2005***

WHEREAS, The Energy Policy Act of 2005 recognizes the need to promote and support deployment of advanced energy technologies to enhance the nation's electric generation mix; *and*

WHEREAS, The Act further recognizes the need to encourage the commercialization and increased use of a variety of energy projects, including renewable energy, advanced nuclear energy, advanced fossil energy technology, including coal gasification, efficient transmission and distribution technologies, carbon capture and sequestration projects and other technologies to meet the growth of electricity demand, the potential to lower costs, and to avoid, reduce, or sequester air pollutants and anthropogenic greenhouse gas emission; *and*

WHEREAS, The Act further authorizes the Department of Energy (DOE) to make loan guarantees for projects to encourage the commercialization and increased use of such technologies; *and*

WHEREAS, On May 16, 2007, the DOE issued a Notice of Proposed Rulemaking (NOPR) to implement the loan guarantee program as authorized by the Act; *and*

WHEREAS, The National Association of Regulatory Utility Commissioners (NARUC) has recently formed a Task Force on Climate Policy to address issues relating to greenhouse-gas emission limitations while at the same time meeting the growth in demand for electricity in a manner that assures a safe, reliable, adequate and affordable supply of electricity; *and*

WHEREAS, State commissions are uniquely situated to assess the costs and benefits of programs which seek to promote technologies which avoid, reduce or sequester greenhouse-gas emissions; *and*

WHEREAS, The loan guarantee program authorized by the Act has the potential to lower the cost of electricity produced by such technologies and thus reduce costs to consumers, if it is properly implemented; *and*

WHEREAS, There are certain provisions in the DOE NOPR implementing the loan guarantee authority which may reduce the effectiveness of the loan guarantee program as a means of promoting such technologies and reducing cost to consumers; *and*

WHEREAS, NARUC members further believe these provisions may hinder the purposes of the loan guarantee authorization; *now, therefore, be it*

RESOLVED, That the Board of Directors of the National Association of Regulatory Utility Commissioners, convened in its July 2007 Summer Meetings in New York, New

York, urges the DOE to adopt rules for a loan guarantee program that will ensure the program is a meaningful tool in encouraging the commercialization and use of energy technologies that reduce, avoid, or sequester air pollutants and greenhouse gases; *and be it further*

RESOLVED, That more specifically, NARUC urges the DOE to revise its proposed rules in the following manner so as to assure full compliance with the intent and purposes of Title XVII of the 2005 Energy Policy Act:

- Assure that loan guarantees may be used to cover 80 percent of the full project cost of the facility, as specified by Section 1702 of Public Law 109-58, thereby enabling the borrower to carry out the project, *and*
- Allow any un-guaranteed debt of the proposed project to be marketed separately from guaranteed debt to assure least cost financing is achievable; *and be it further*

RESOLVED, That NARUC believes adoption of workable loan guarantee regulations will enable the deployment of advanced energy technologies to help the nation meet its future energy needs in a manner that reduces costs to consumers while reducing greenhouse gas emissions and facilitating greater energy independence.

*Sponsored by the Committees on Electricity and Energy Resources and the Environment
Adopted by the NARUC Board of Directors July 18, 2007*